



Fiscal Year Ended February 2014


Results Briefing


As a food innovator, we handle all aspects of food production
and pioneer the evolution of food

WARABEYA NICHIO CO., LTD.

(2918)

April 15, 2014





Overview of financial results for FY2/14 and a full-year forecast for FY2/15

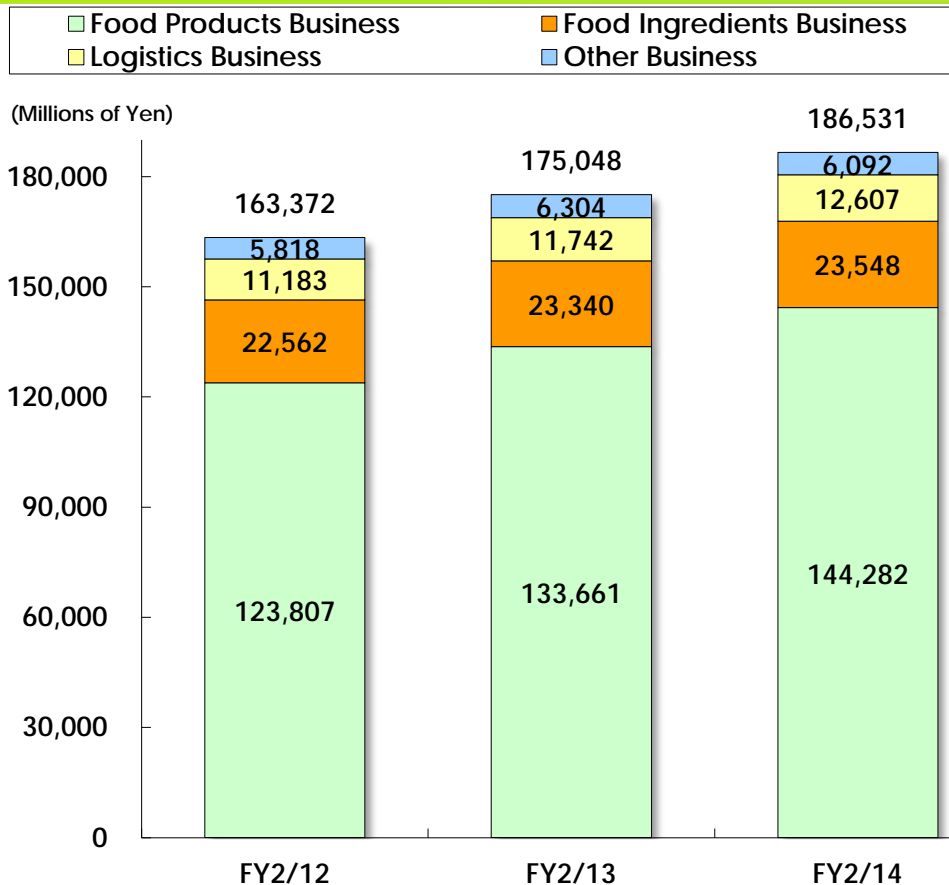
Consolidated financial results for FY2/14

(Millions of Yen)

	FY2/13	FY2/14		YoY	Vs Forecast
	Results	Forecast	Results		
Net sales	175,048 (100.0)	186,000 (100.0)	186,531 (100.0)	11,482 <6.6>	531 <0.3>
Operating income	3,918 (2.2)	4,000 (2.2)	3,718 (2.0)	-199 <-5.1>	-281 <-7.0>
Ordinary income	4,114 (2.4)	4,200 (2.3)	3,957 (2.1)	-156 <-3.8>	-242 <-5.8>
Net income	2,162 (1.2)	2,200 (1.2)	2,272 (1.2)	109 <5.1>	72 <3.3>
EPS (Yen)	130.11	124.90	129.01	-1.10	4.11

*Figures in () show sales ratio, and figures in < > show change (%). *FY2/14 Forecast is Forecast as of Oct 3, 2013.

Net sales by segment (consolidated basis)



(Millions of Yen)

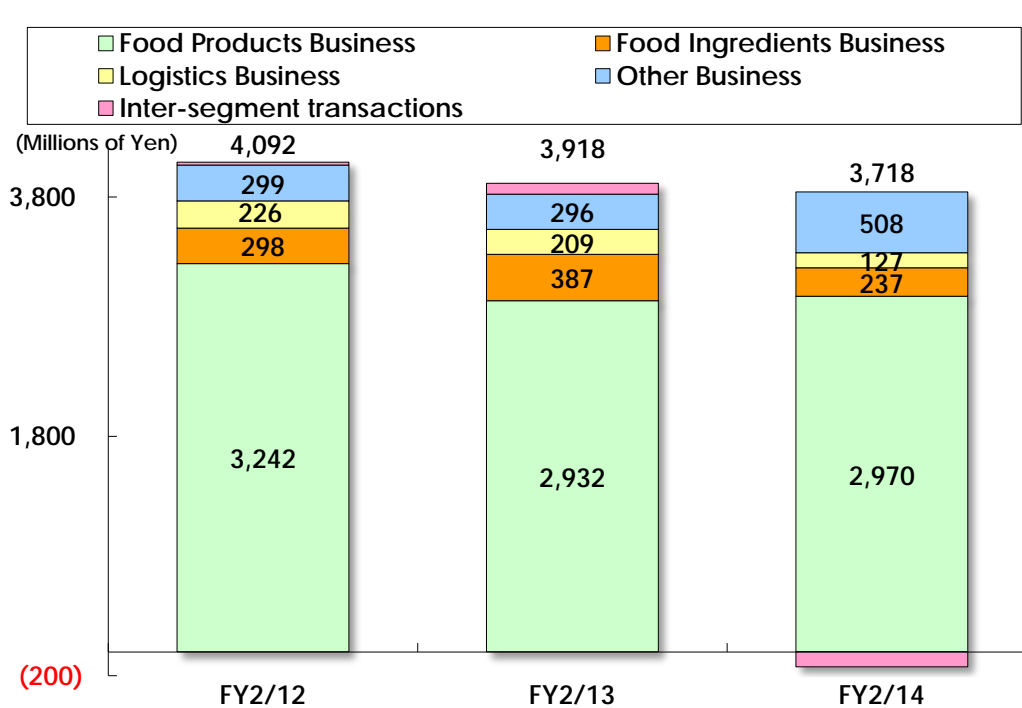
	FY2/13	FY2/14	Change
Total net sales	175,048 (100.0)	186,531 (100.0)	11,482 <6.6>
Food Products Business	133,661 (76.4)	144,282 (77.4)	10,621 <7.9>
Food Ingredients Business	23,340 (13.3)	23,548 (12.6)	208 <0.9>
Logistics Business	11,742 (6.7)	12,607 (6.8)	865 <7.4>
Other Business	6,304 (3.6)	6,092 (3.2)	-212 <-3.4>

*Figures in () show sales ratio, and figures in < > show year-on-year change (%).

Major reasons for growth in consolidated net sales in FY2/14: approx. ¥11.4 billion increase year on year

- Food Products Business : Increased approx. ¥10.6 billion (Increased delivery point stores and increased sales of chilled food products)
- Food Ingredients Business : Increased approx. ¥0.2 billion (Increased sales of processed marine products, etc)
- Logistics Business : Increased approx. ¥0.8 billion (Increased orders for delivery to Seven-Eleven stores in Japan)
- Other Business : Decreased approx. ¥0.2 billion (Decreased orders in the staffing business from clients in the auto industry and other sectors)

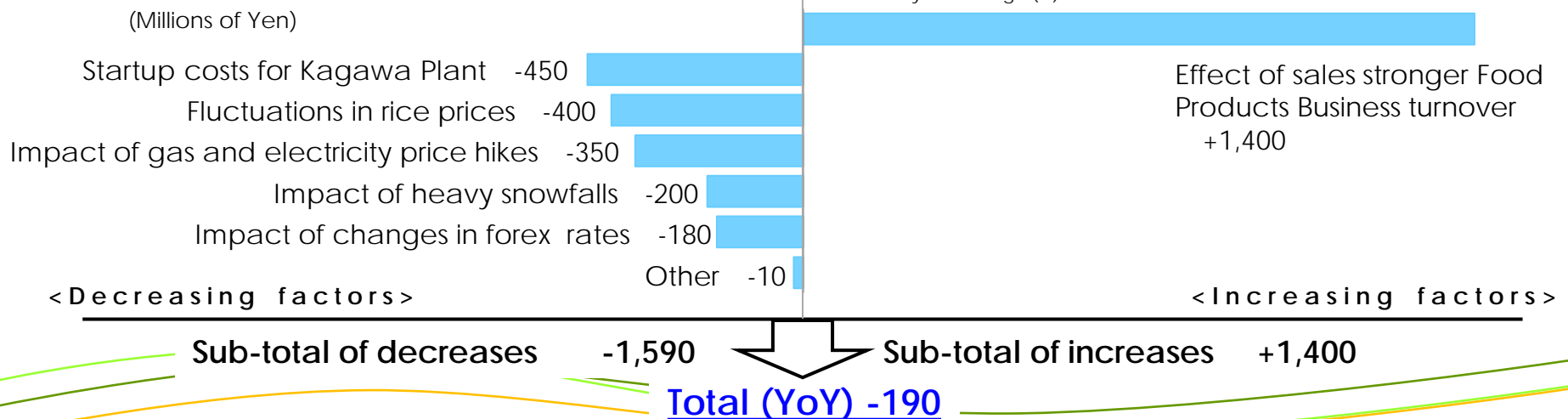
Operating income by segment (consolidated basis)



(Millions of Yen)

	FY2/13	FY2/14	Change
Total operating income	3,918 (100.0)	3,718 (100.0)	-199 <-5.1>
Food Products Business	2,932 (74.9)	2,970 (79.9)	37 <1.3>
Food Ingredients Business	387 (9.9)	237 (6.4)	-149 <-38.6>
Logistics Business	209 (5.3)	127 (3.4)	-82 <-39.4>
Other Business	296 (7.6)	508 (13.7)	212 <71.4>
Inter-segment transactions	91 (2.3)	-125 (-3.4)	-217 < - >

*Figures in () show ratio to total operating income, and figures in < > show year-on-year change (%).



Non-operating income/expenses and extraordinary income/losses in FY2/14

(Millions of Yen)

	FY2/13	FY2/14	Change
Operating income	3,918 (2.2)	3,718 (2.0)	-199 <-5.1>
Non-operating income (expenses)	196 (0.1)	239 (0.1)	42 <21.8>
Ordinary income	4,114 (2.4)	3,957 (2.1)	-156 <-3.8>
Extraordinary income (losses)	-351 (-0.2)	-89 (-0.0)	261 <->
Income before income taxes	3,763 (2.1)	3,867 (2.1)	104 <2.8>
Current income taxes	1,600 (0.9)	1,595 (0.9)	-5 <-0.3>
Net income	2,162 (1.2)	2,272 (1.2)	109 <5.1>

Major increasing / decreasing factors (YoY)

● Impairment loss	-89
● Elimination of losses on the closure of warehouse, etc	351

*Figures in () show sales ratio, and figures in < > show year-on-year change (%).

Consolidated balance sheets as of end-FY2/14

[Assets]	(Millions of Yen)		
	End-FY2/13	End-FY2/14	Change
Current assets	26,037	29,044	3,007
Fixed assets	39,904	42,059	2,155
[Tangible fixed assets]	(35,706)	(37,768)	(2,061)
[Intangible assets]	(503)	(348)	(-154)
[Investments and other assets]	(3,693)	(3,942)	(249)
Total assets	65,941	71,104	5,162

[Liabilities and net assets]	(Millions of Yen)		
	End-FY2/13	End-FY2/14	Change
Current liabilities	19,276	22,031	2,754
Long-term liabilities	9,720	10,223	502
[Interesting-bearing debt]	(8,840)	(9,425)	(584)
Total liabilities	28,997	32,255	3,257
Total net assets	36,943	38,848	1,905
[Common stock]	(8,049)	(8,049)	-
Total liabilities and net assets	65,941	71,104	5,162

Total assets as of end-FY2/14: approx. ¥5.1 billion increase

- Increase in current assets
(cash and deposits, notes and accounts receivable – trade, etc.) : approx. ¥3.0 billion
- Increase in fixed assets(tangible fixed assets) : approx. ¥2.1 billion

Total liabilities/net assets as of end-FY2/14: approx. ¥5.1 billion increase

- Increase in current liabilities
(accounts payable – other, notes and accounts payable – trade, etc.) : approx. ¥2.7 billion
- Increase in long-term liabilities : approx. ¥0.5 billion
- Increase in net assets (retained earnings, other comprehensive income, etc.) : approx. ¥1.9 billion

Consolidated statements of cash flows for FY2/14

(Millions of Yen)

	FY2/13	FY2/14	Change
Income before income taxes	3,763	3,867	
Depreciation and amortization	3,678	3,854	
Decrease (increase) in notes and accounts receivable—trade	-84	-1,347	
Decrease (increase) in inventories	215	-514	
Increase (decrease) in notes and accounts payable—trade	502	551	
Increase (decrease) in accounts payable—other	-36	702	
Other	822	63	
Subtotal	8,860	7,178	
Income taxes paid	-2,388	-1,566	
Other	100	137	
Cash flows from operating activities	6,572	5,749	-823
Purchase of tangible fixed assets	-2,744	-2,957	
Other	-321	-323	
Cash flows from investing activities	-3,065	-3,280	-214
Cash flows from financing activities	860	-1,788	-2,648
Net increase (decrease) in cash and cash equivalents	4,379	712	-3,666

Financial Forecast for FY2/15 (consolidated basis)

(Millions of Yen)

	FY2/14 Results	FY2/15 Forecast	Change
Net sales	186,531 (100.0)	204,000 (100.0)	17,469 <9.4>
Operating income	3,718 (2.0)	4,400 (2.2)	682 <1.8>
Ordinary income	3,957 (2.1)	4,500 (2.2)	543 <3.1>
Net income	2,272 (1.2)	2,450 (1.2)	178 <7.8>
EPS (Yen)	129.01	139.09	10.08

*Figures in () show sales ratio, and figures in < > show year-on-year change (%).



Summary of business performance in FY2/14 and future business plans

Summary of business performance in FY2/14

➤ Consolidated net sales ¥186.5 bn (record)

Sales have expanded more than ¥10.0 bn year on year for three straight years

➤ Ordinary income ¥3.9 bn (down year on year)

Profits affected by higher rice prices in 1H, heavy snowfalls in 2H

➤ Net income ¥2.2 bn (record)

- Launched two new products in the Seven Premium range (June, July 2013)
- Operations started at Kagawa Plant (December 2013)
- Announced plans to build new Urawa Plant (provisional name) to supply chilled rice products; scheduled to open in June 2014
- Announced plans to build new Iwate Plant (provisional name); scheduled to open in spring 2015

❑ Group Philosophy (new)

We will contribute to the healthy and enjoyable diets of our customers by providing a sense of safety and peace of mind in addition to valuable products and services.

❑ Management Philosophy (revised)

We will pursue the highest level of customer satisfaction and promote innovation.

We will strive to be a company that society can trust, by committing to compliance standards and conducting our business in a highly transparent manner.

We will strive to be an eco-friendly company at which our employees can obtain personal growth and job satisfaction.

< Key medium-term strategies >

□ Reinforce production capabilities

Capabilities of product development

Production capabilities and
Production technology capabilities

Food quality/hygiene management capabilities

□ Implement initiatives in growth fields

□ Develop and actively utilize personnel

Key medium-term strategies Reinforce production capabilities

Capabilities of product development

Aging society, increase in working women

Develop competitive products that address consumer needs

Production capabilities and Production technology capabilities

Growth in Seven-Eleven business

Boost productivity, extend production areas
Establish a production system for new product categories

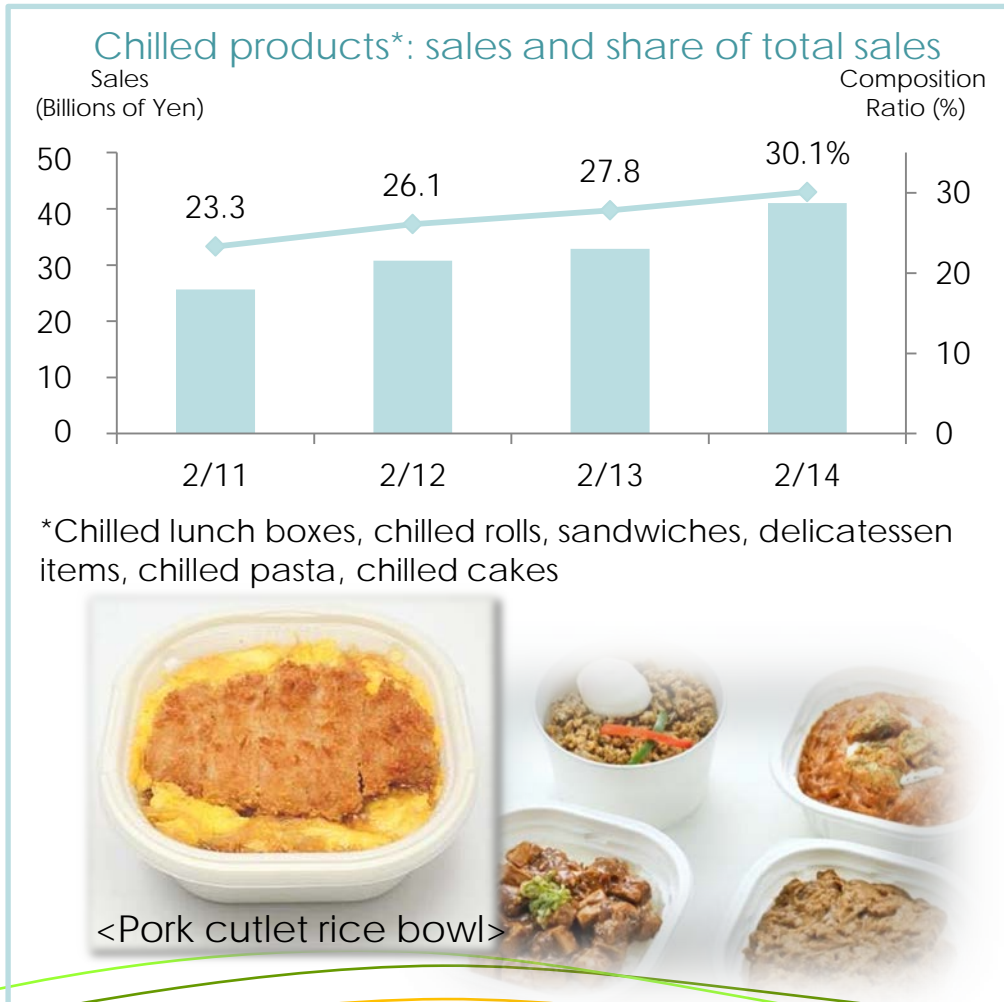
Food quality/hygiene management capabilities

Growing awareness of food safety and regulatory compliance

Step up efforts to ensure safety and reassure customers

Key medium-term strategies Reinforce production capabilities

- Frevo Group's first dedicated plant to supply chilled rice products
Urawa Plant (provisional name)



[Plant Overview]

Location: Saitama City, Saitama Prefecture

Products: Chilled lunch boxes

Production capacity: 100,000 meals per day

Startup: June 2014 (scheduled)

Capabilities of product development

- Expand our lineup of new chilled dishes

<Chilled Sushi>



- Responding to changing needs

<Kin no Omusubi (premium rice balls)>



- Develop products in new categories

[Seven Premium products] [Frozen foods]

Production capabilities and Production technology capabilities

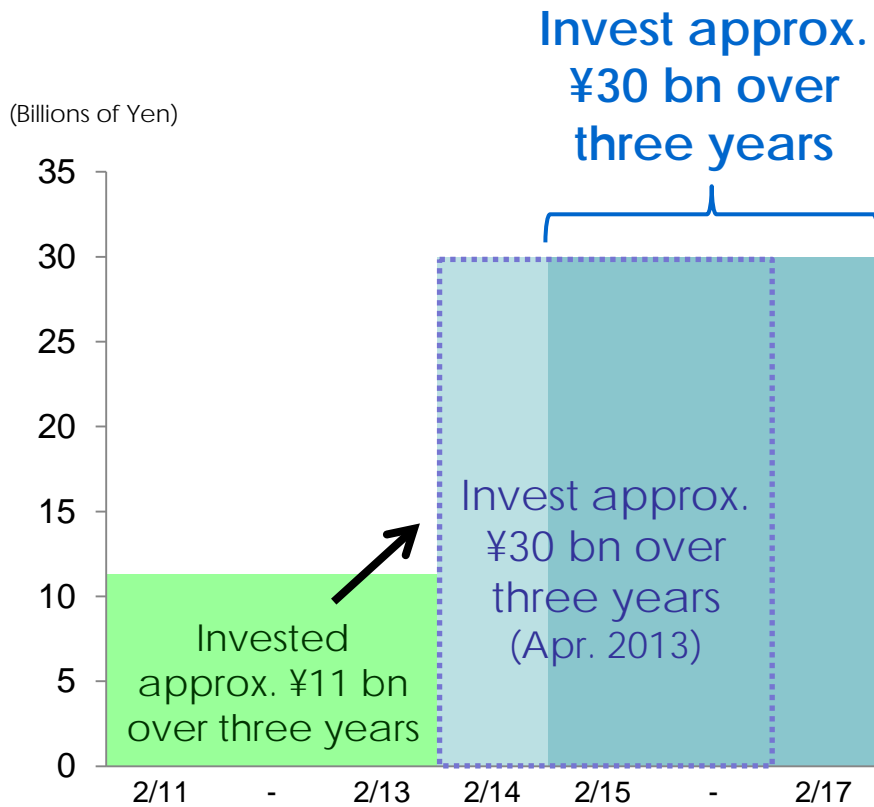
- Shifting to automation to improve product quality and boost productivity

Food quality/hygiene management capabilities

- Introduce more advanced management methods
- Strictly enforce operating rules and traceability

Key medium-term strategies Implement initiatives in growth fields

- Carry out a capital expenditure program in response to business expansion at Seven-Eleven



Mar. 2013

Sagamihara Plant No. 2

Japanese confectionary plant

Dec. 2013

Kagawa Plant

Supporting Seven-Eleven's expansion into Shikoku

May 2014

Urawa Plant (provisional name)

Spring 2015

Iwate Plant (provisional name)

Chilled food plant

Other steps to increase production capacity near major urban markets

Supporting growth in urban market store network

Supporting expansion in Seven-Eleven's Tohoku store network

Key medium-term strategies Implement initiatives in growth fields

- Strengthen the functions of group companies

Frevogroup



Nichiyo Co., Ltd.

- New product development
- Responsible for Seven Premium products

Bestrans Co., Ltd.

New sites opened

- Tokushima Pref Tokushima sales office
(Mar. 2013)
- Shiga Pref Taga sales office
(May 2013)
- Kanagawa Pref Hazawa sales office
(Jun. 2013)
- Kagawa Pref Sakaide sales office
(Dec. 2013)

Key medium-term strategies Implement initiatives in growth fields

➤ Overseas business expansion

Indonesia

<Fresh Food Indonesia>

Mar. 2014 Started providing technical support, including chilled food products development

China

<Beijing Want-Yang Foods Ltd.>

Established joint venture in Feb. 2011,
opened new plant in May 2012

<Beijing Riyang Xinrong Co., Ltd.>

Established Dec. 2012 (wholly owned subsidiary of Nichiyo Co., Ltd.)

US

<WARABEYA USA, Inc.>

Established Jun. 1982
Opened brand store Mama-ya in Jun. 2009,
now two stores in operation

Thailand

<CP ALL Public Company Ltd.>

Provision of technical support since Mar. 2006

Ministry of Agriculture, Forestry and Fisheries
Winner of the 22nd Minister's Award for Excellence
in Food Services: Overseas Expansion and
Promotion of Japanese Food Category

(Mar. 24, 2014)



- Increase management personnel in Production Divisions
- Developing highly motivated, creative human resources for global business
- Ensuring rigorous compliance

Targets of the medium-term management plan (consolidated basis)

